



THE BUCKEYE INSTITUTE

Ohio Should Not Mandate Minimum Pharmacy Dispensing Fees

Interested Party Testimony
Ohio House Insurance Committee
Ohio House Bill 505

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As Submitted

Chair Lampton, Vice Chair Barhorst, Ranking Member Jarrells, and members of the Committee, thank you for the opportunity to submit written testimony regarding **Ohio House Bill 505**.

My name is Rea S. Hederman Jr. I am the vice president of policy at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

Retail drugs account for roughly 10 percent of all healthcare costs in Ohio, a significant sum that stokes patients' understandable concern about pharmaceutical prices. Ohio needs sound, market-based reforms that will lower regulatory barriers to healthcare, encourage drug innovation, help maintain drug affordability, and improve patient health. House Bill 505 does and does not do that.

Instead of streamlining government rules or making healthcare and drug markets more competitive, House Bill 505 issues another government mandate that will likely raise consumer prices at the pharmacy rather than lower them. Currently, pharmacists charge dispensing fees to cover their service of filling prescriptions. Such fees are charged in addition to the price of the prescription drugs themselves. House Bill 505 sets an artificial minimum fee that pharmacists may charge for filling prescriptions. The bill ties the new minimum fee to the average dispensing fee across the state, which means that the higher the average, the higher the minimum fee will be—and that creates an incentive to raise the average in order to raise the minimum. Not surprisingly then, such a mandate has **already raised** dispensing fees under Medicaid, and House Bill 505 will yield similar results in the private sector. The new rule will use government influence to benefit large chain pharmacies that tend to have **lower** dispensing fees than smaller pharmacies, and it will harm retail consumers by reducing price competition and making the trip to the pharmacy more expensive.

Fortunately, House Bill 505 does take a positive step toward pharmaceutical affordability by limiting credentials required for pharmacists. Ohio's board of pharmacy licenses sets the standards and licenses for pharmacists, and House Bill 505 bars contracts that would require pharmacists to demonstrate and maintain additional credentials. Imposing additional credentials on pharmacists makes it more difficult and expensive to become a pharmacist, which then restricts the number of pharmacists in the community and ultimately reduces competition and raises pharmacy prices.

The General Assembly should continue focusing on reducing regulatory barriers; encouraging market growth, innovation, and competition; and preventing undue government influences that restrict supply and raise consumer prices. House Bill 505's credentialing provisions do that, but the bill's mandatory minimum pharmacy dispensing fees do not.

Thank you for your time and attention to this issue.

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